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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023

DFA5014 – FINANCIAL ACCOUNTING 1

(All sections/Groups)

4 OCTOBER 2023
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 7 pages with 4 questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1**Part A**

Puan Nanie started to earn extra income a few years ago to support her family. Since her business is growing, she decided to register it with Suruhanjaya Syarikat Malaysia (SSM). But she is confused about which type of business entity is suitable for her.

As an accountant, you are required to assist her in understanding the differences between business entities in Malaysia and the main components in financial statement.

Required

- (a) Explain the differentiation of **THREE (3)** business entities in Malaysia. (3 marks)
- (b) Define assets and liabilities, then give **TWO (2)** examples of each asset and liabilities component. (3 marks)

Part B

Muiz opened a food truck business at Dataran Pahlawan, he operated as a sole proprietorship. The following is a list of all the transactions of Muiz Burger Enterprise that took place in May 2023:

- May 1 Muiz invested RM50,000 in the company as capital, of which RM25,000 was deposited in the bank and the balance was in cash.
- 1 He hired two kitchen helpers at a salary of RM1,500, payable monthly.
- 3 Muiz bought office equipment with cash of RM1,000.
- 10 Purchased a stove fit to the wall and two chairs from a Aleef Company on credit amounted to RM1,750.
- 14 Purchased kitchen supplies from Syarikat Habib Berhad for RM5,500, paying RM2,000 in cash and the balance on account.
- 15 Muiz billed the MMU Sport Club RM500 for burger set orders.
- 18 Paid advertising expense RM1,500 to Viral Muafakat Johor for promoting his business in Facebook page.
- 20 Received cash sales RM200 from the tourists at Dataran Pahlawan.
- 24 Received RM500 cash from customer previously billed on May 15.
- 25 Muiz withdrew RM300 cash from his business to pay living expenses.
- 27 Paid the balance due on kitchen supplies purchased on May 14.
- 29 Paid the rental site expense RM1,200 by cheque.
- 29 Surveyed for bunting and banner designs from KH Artworks.
- 30 Paid kitchen helpers' salary for the month amounted RM3,000.

Continued ...

Required

- (a) Journalise May 2023 transactions for Muiz Burger Enterprise. (14 marks)
- (b) Prepare the T-account for **Cash, Account Payable and Sales Revenue Account**. (5 marks)

(Total: 25 marks)

QUESTION 2

Cik Maniz, the owner of Kedai Serbaguna Maniz opened her grocery shop on 1 June 2023. The account balances extracted from her shop on at the end of month are as follows:

Kedai Serbaguna Maniz Trial Balance 30 June 2023		
	Debit	Credit
Cash	RM1,040	
Bank	857	
Account Receivable	4,570	
Supplies	700	
Prepaid Insurance	800	
Prepaid Rent	4,000	
Furniture (Cost)	5,800	
Accumulated Depreciation-Furniture		RM580
Motor Vehicle (Cost)	35,000	
Accumulated Depreciation-Motor Vehicle		3,500
Account Payable		2,740
Unearned Sales Revenue		5,900
Loan Payable		24,000
Sales Revenue		22,700
Rent Expenses	3,000	
Utility Expenses	1,600	
Wage Expenses	2,053	
	RM59,420	RM59,420

The following information is available to assist in the preparation of adjusting entries:

1. A count on 30 June shows RM300 of supplies still on hand.
2. Monthly depreciation on the:
 - a) furniture for the period is RM50
 - b) motor vehicle for the period is RM300.
3. Wages of RM1,500 are accrued on 30 June 2023.
4. Unearned sales revenue of RM2,600 has been earned.
5. Insurance expires at the rate of RM200 per month.

Continued ...

6. Utilities expenses of RM800 are accrued on 30 June 2023.
7. Prepaid rent expiring for the month of June 2023 is RM2,000.

Required

- (a) Identify what type of adjusting entry (**Prepaid Expense, Depreciation, Unearned Revenue, Accrued Expense, and Accrued Revenue**) is needed in each transaction. (3.5 marks)
- (b) Prepare the adjusting entries for each of the above transactions. (8.5 marks)
- (c) Prepare an adjusted trial balance as at 30 June 2023. (8 marks)
- (d) Prepare the **Statement of Profit or Loss** for Kedai Serbaguna Maniz. (5 marks)

(Total: 25 marks)

QUESTION 3

Dwiki Company adjusted trial balance as at 31 March 2023, is presented in the following:

Dwiki Company Adjusted Trial Balance 31 March 2023		
	Debit	Credit
Cash	RM25,700	
Account Receivable	2,800	
Interest Receivable	170	
Supplies	300	
Equipment	4,800	
Accumulated Depreciation: Equipment		RM40
Account Payable		1,750
Salaries Payable		2,000
Unearned Sales Revenue		1,400
Dwiki, Capital		20,000
Dwiki, Drawing	2,395	
Sales Revenue		15,375
Interest Revenue		230
Depreciation Expense: Equipment	80	
Supplies Expense	50	
Salaries Expense	4,000	
Utilities Expense	500	
	<u>RM40,795</u>	<u>RM40,795</u>

Continued ...

Required

- (a) Classify the accounts in the above adjusted trial balance under **Temporary account** or **Permanent account**. (8.5 marks)
- (b) Prepare the closing entries for the relevant accounts. (6 marks)
- (c) Post to the **Income Summary** and **Dwiki, Capital** account. (5 marks)
- (d) At the end of March, create a post-closing trial balance. (5.5 marks)

(Total: 25 marks)

QUESTION 4**Part A**

- (a) Below are the list of several scenarios that relates to financial accounting and reporting.

	Scenarios
1.	Every year, Mama Food Company distributes its annual and interim reports to its shareholders.
2.	Even though the revenue has not yet been received, Gourmet Sdn Bhd records revenue when the goods are delivered to customers.
3.	Even though the land's current market worth is RM500,000, Siti listed the cost of the land in the statement of financial position as RM250,000.
4.	Over the course of their useful lives, Fellista Manufacturing Company depreciated their machinery and plant.
5.	Woodfire Kitchen is solely owned by Josh. For a personal vacation to South Korea, Josh borrowed RM30,000. There was no entry for this liability in Woodfire Kitchen's account.

Required

Identify the basic assumption or broad accounting principle that applied to each scenario taken up into each of the company's account. (5 marks)

Continued ...

(b) Below is the list of situations that occur in Rockstar Sdn Bhd.

	Situations
1.	To prevent double payments, the company's policy states that only the treasurer is authorised to sign and approve cheque payments.
2.	The management assigned the account clerk with making sure that all business checks are sequentially pre-numbered.
3.	All of the physical documents, including invoices, receipts, purchase orders, and sales records that include unpaid sales, are kept in a document room at Rockstar Sdn Bhd. Only authorised personnel are permitted entry to the room.
4.	Each department will have people to fill in for absent employees by covering their regular duties.
5.	Each day, Melvin totals up all the money he has received, and his assistant, Joslin, prepares a report. The cash was then put into the cash deposit machine by Amira, another employee. Joslin will then prepare the bank reconciliation after that.

Required

Indicate the type of internal control procedures applied on each of the situation described above. (5 marks)

Part B

Diamond Kingdom Company sets up a petty cash fund and initially funds it with RM250 on 1 April 2023. The petty cash custodian refilled the petty cash fund on 17 April 2023 with RM20 remaining and the following petty cash receipts:

(i)	Office supplies	RM100
(ii)	Employee meals	RM90
(iii)	Stamps	RM30

The business decided to raise the petty cash fund to RM430 on 20 April 2023.

Required

- (a) Prepare journal entries for the petty cash fund's April activities. (5 marks)
- (b) Post the related journal entry to **Petty Cash** account. (2 marks)

Continued ...

Part C

The bank reconciliation was made by Devesh, a recently hired account officer for Kerachi Company, however it is unbalanced.

**Kerachi Company
Bank Reconciliation
As at 31 August 2023**

Cash balance per bank		RM7,000
Add: NSF cheques		1,185
		<u>8,185</u>
Less: EFT for salaries expense	RM220	
Bank service charge	<u>25</u>	<u>RM245</u>
Adjusted balance per bank		<u>RM7,940</u>
Cash balance per books		RM6,430
Add: Outstanding cheques	RM2,500	
Notes collected by bank	<u>3,500</u>	<u>6,000</u>
		12,430
Less: Deposit in transit		<u>4,000</u>
Adjusted balance per books		<u>RM8,430</u>

Required

- (a) Prepare a correct August bank reconciliation. (5 marks)
- (b) Prepare the relevant adjusting entries required in Kerachi's **Cash** account. (3 marks)

(Total: 25 marks)

End of Paper